Thus, while the base scenario would be an appropriate fare structure for the Circulator, the higher monuments fares could increase revenue and entice more visitors to explore downtown without affecting local riders.

5.7   *Sensitivity of Ridership to Higher/Lower Fares*

While the previous scenarios considered riders' changes in choice of fare products in response to changes in relative cost, the analysis did not consider the impacts on total system ridership. This section briefly examines the impact on ridership of changes in overall fare levels. All fares and passes are assumed to retain the same relative cost, while fares are increased or decreased. Table 5-6 shows how ridership and revenue could be expected to change as the single ride fare is varied between $0.25 and $1.00 and prices of other fare products are varied proportionally. The analysis shown in the table uses common transit industry practice for projecting ridership changes as a result of fare increases.[36] Projected ridership and revenue is shown separately for downtown workers and shoppers and for visitors. For downtown workers and shoppers, the common transit industry factors used should yield fairly reliable estimates since these riders are likely to behave somewhat similarly to transit riders elsewhere. For visitors, the results may be less reliable as visitors are likely to be less sensitive to price. Higher fares, however, may deter visitors from making the additional shopping or dining trips not included in the ridership estimates.

The table shows that higher fares will raise higher revenues, but with decreased ridership. Lower fares will increase ridership but revenues will be substantially lower. However, throughout the range of fares in Table 5-6, revenues would range between 28% and 74% of operating costs, within or above generally accepted levels for public transit services.

Table 5-6: Sensitivity of Ridership and Revenue to Fares

Single Ride Fare	Fare Change	Riders Change	Annual Ridership			Annual Revenue		
			Workers & Shoppers	Visitors	Total	Workers & Shoppers	Visitors	Total
$0.25	-50%	22.2%	4,442,612	15,537,859	19,980,471	$982,518	$3,717,450	$4,699,968
$0.40	-20%	6.9%	3,885,544	13,589,538	17,475,083	$1,374,909	$5,202,099	$6,577,008
$0.45	-10%	3.2%	3,751,491	13,120,691	16,872,182	$1,493,408	$5,650,452	$7,143,859
$0.50	0%	0.0%	3,634,864	12,712,794	16,347,658	$1,607,756	$6,083,100	$7,690,856
$0.55	10%	-2.8%	3,532,473	12,354,687	15,887,161	$1,718,714	$6,502,920	$8,221,633
$0.60	20%	-5.3%	3,441,862	12,037,778	15,479,641	$1,826,866	$6,912,124	$8,738,990
$0.75	50%	-11.3%	3,223,370	11,273,610	14,496,980	$2,138,619	$8,091,671	$10,230,290
$1.00	100%	-18.2%	2,973,980	10,401,377	13,375,357	$2,630,873	$9,954,164	$12,585,037

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[36] The analysis uses a mid-point arc elasticity formula and the industry accepted fare elasticity of –0.3.